

## Message Text

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PAGE 01 REYKJA 00166 251835Z

73

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-11

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 SS-20 NSC-10 SSO-00 SCI-06 FEA-02 INT-08 COA-02

H-03 EB-11 COME-00 DRC-01 /145 W

----- 090037

R 251745Z JAN 74

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 4284

INFO AMEMBASSY MOSCOW

USMISSION NATO

SECDEF

CINCLANT

C O N F I D E N T I A L REYKJAVIK 0166

E.O. 11652: GDS

TAGS: PFOR MARR IC NATO

SUBJECT: IDF RETENTION ISSUE: ALLEGED SOVIET OIL THREAT  
AGAINST ICELAND

1. RELIABLE SOURCES HAVE NOW CONFIRMED TO US THAT THE SOVIET  
AMBASSADOR IN REYKJAVIK, ACTING THROUGH AN ICELANDIC INTERMEDIARY.  
HAS THREATENED THAT THE USSR WILL CUT OFF OIL SUPPLIES TO ICELAND  
IF GOI DOES NOT RENOUNCE THE DEFENSE AGREEMENT. IMPLIED THREATS  
OF REDUCING CURRENT OIL SHIPMENTS HAVE ALSO BEEN MADE AGAINST  
THE FISHERIES COOPERATIVES IF PROGRESSIVE PARTY MEMBERS OF THE  
COOPERATIVES SIGN THE PRO-BASE PETITION NOW BEING CIRCULATED.  
COOPS HAVE ALSO BEEN THREATENED WITH LOSS OF USSR AS MARKET FOR  
CANNED FISH AND WOOLENS.

2. ICELAND IS ABOUT 75 PERCENT DEPENDENT ON USSR FOR OIL AND  
TOTALLY DEPENDENT ON USSR FOR FUEL OIL. BECAUSE OF SEVERE  
WINTER ICELAND'S RESERVES VERY LOW AND FUEL OIL SHIPMENT RECEIVED  
THIS WEEK WAS SHORTCHANGED THUS ADVERSELY AFFECTING FISHERIES  
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PAGE 02 REYKJA 00166 251835Z

FACTORIES WHICH COMMENCED SEASONAL OPERATIONS THIS WEEK. SOVIET

OFFICIALS TOLD ICELANDIC ESSO IMPORTER THAT SHORTFALL WAS DUE TO SHORT SUPPLY WITHIN USSR BUT CLEARLY LEFT WITH HIM IMPLICATION THAT THIS WAS AN EXAMPLE OF WHAT TO EXPECT IF HE CONTINUES TO SUPPORT RETENTION OF IDF. SOVIETS ALSO THIS WEEK ARE DRAGGING THEIR FEET ON NEGOTIATING NEW FISH AND WOOLENS CONTRACTS, IMPLYING REASON SAME AS ABOVE.

3. SEVERAL HIGH LEVEL COOP OFFICIALS WHO ARE SUPPORTING IDF RETENTION NOW RUNNING SCARED AND ARE THINKING OF BACKING OFF FROM ACTIVE PUBLIC SUPPORT OF BASE. SOME OF THEM ASKED US IF ICELAND COULD LOOK TO US AS ALTERNATIVE SUPPLIER OF OIL IF USSR THREAT CARRIED OUT. WE ARE TRYING TO CONVINCE THESE OFFICIALS TO TREAT SOVIET THREAT AS BLUFF AND NOT TO CAVE IN ON IDF SUPPORT. WE HAVE ALSO STRESSED THAT ICELANDERS WOULD BE SUBJECTING THEMSELVES TO SOVIET PRESSURES FOREVER IF THEY KNUCKLED UNDER ON SO IMPORTANT AN ISSUE AS THE IDF AND ICELAND WOULD BE LOSING THE INDEPENDENCE THEY VALUE SO HIGHLY.

4. COMMENT: WHETHER REAL OR NOT, THE THREAT COULD HAVE A DAMPENING EFFECT ON AN IMPORTANT SEGMENT OF IDF SUPPORT WITHIN THE PROGRESSIVE PARTY AND ELSEWHERE. WE ALREADY HAVE EVIDENCE OF THIS.. WE WOULD APPRECIATE RECEIVING ARGUMENTS TO SUPPORT OUR CONTENTION THAT SOVIET THREAT IS A BLUFF AND THAT SOVIET ACTION WOULD BE COUNTER TO THEIR OBJECTIVES ELSEWHERE IN WORLD. ALSO ANY ARGUMENTS WHICH CAN EXPLAIN SOVIET SHORTFALL DELIVERIES OF FUEL OIL TO ICELAND, SUCH AS NOT MEETING COMMITMENTS IN OTHER AREAS OF WORLD, ETC. FOR GREATEST UTILITY THIS INFORMATION SHOULD BE AVAILABLE TO THIS EMBASSY BY JAN 31 WHEN AMBASSADOR IRVING MEETS WITH SOME OF THE COOP OFFICIALS.

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## Message Attributes

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**Copy:** SINGLE  
**Draft Date:** 25 JAN 1974  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Handling Restrictions:** n/a  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
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**TAGS:** PFOR, MARR, NATO  
**To:** STATE  
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